



Department of State
EXCISE

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PAGE 01 TRIPOL 01556 170640Z

12

ACTION AF-18

INFO OCT-01 EUR-25 NEA-10 ISO-00 CIAE-00 DODE-00 PM-07

H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 EB-11 COME-00 INT-08 SCEN-02

TRSE-00 OMB-01 IO-14 DRC-01 /168 W

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R 161432Z DEC 73

FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 0815
INFO USINT ALGIERS

AMEMBASSY BEIRUT
AMEMBASSY BELGRADE
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY NEW DELHI
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
AMEMBASSY VIENNA

DEPARTMENT OF STATE A/CDC/ME	
REVIEWED BY: <u>g</u>	DATE: <u>12/20/82</u>
RDS ☐ or XDS ☐ EXT. DATE	TS. AUTH. REASON(S)
ENDORSE EXISTING MARKINGS ☒	
DECLASSIFIED ☐ RELEASABLE ☐	
RELEASE DENIED ☒ IN DATA	
PA or FOI EXEMPTIONS <u>B1, A5, A9</u>	

CONFIDENTIAL TRIPOLI 1556

E.O. 11652: GDS

TAGS: ENRG, LY

SUBJ: LIBYAN OIL AUCTION

REF: TRIPOLI 1533 NOTAL

1. FOLLOWING BASIC FACTS ON LIBYAN PLANS FOR
DECEMBER 19 OIL AUCTION HAVE BEEN GLEANED FROM
DIPLOMATIC CORPS AND INDUSTRY SOURCES:

A) QUANTITY TO BE AUCTIONED: 14 MILLION TONS FOR DELIVERY
DURING 1974;

PAGE 02 TRIPOL 01556 170640Z

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B) PRICE: TO BE DEFINED BY PROSPECTIVE BUYERS --
NO LIBYAN GUIDELINES:

C) SOURCES: ALL PRODUCING LIBYAN FIELDS. OIL WILL
BE THAT PRODUCED BY LIBYAN-OWNED COMPANIES,
ROYALTY OIL AND PARTICIPATION OIL (INCLUDING PRESUMABLY
"HOT OIL.")

D) EFFECT ON EXISTING AGREEMENTS: LIBYANS ARE COMMITTED
ONLY TO "TAKE EXISTING AGREEMENTS INTO CONSIDERATION" WHEN
EXAMINING BIDS. OIL CONTRACTS NOW IN FORCE WITH THE LIBYAN
GOVERNMENT MAY REMAIN IN EFFECT. PRICE, HOWEVER,
WILL "HAVE TO BE RENEGOTIATED." BOTH [REDACTED] *BK/ADS*
[REDACTED] HAVE BEEN INFORMED THAT EVEN THEIR RECENTLY-
CONCLUDED AGREEMENTS DO NOT RELIEVE THEM FROM REQUIREMENT
TO BID IN ORDER TO OBTAIN SUPPLIES, AND

E) LIBYAN DEFINITION OF "PARTICIPATION IN LIBYAN DEVELOP-
MENT" (TO WIN PREFERENCE FOR SUPPLIES). LARG HAS INSTRUCTED
PROSPECTIVE BUYERS TO SUBMIT A LIST OF THEIR EXISTING AND
PLANNED DEVELOPMENT PROJECTS IN LIBYA. LARG WILL EXAMINE
THESE LISTS AND "TAKE THEM INTO CONSIDERATION." THERE ARE NO
GUIDELINES OR EXPRESSIONS OF LIBYAN SPECIFIC DESIRES.

[REDACTED] COMMITTEE WILL
EXAMINE BIDS AND RANK THEM ON BASIS OF THREE CRITERIA:
(A) FINANCIAL (PRICE); (B) ECONOMIC (DEVELOPMENT
PARTICIPATION); AND (C) POLITICAL. COMMITTEE REPORT
WILL THEN BE PASSED TO COUNCIL OF MINISTERS AND,
PRESUMABLY, TO RCC FOR FINAL DECISION ON WHO IS TO
HAVE PRIVILEGE OF PURCHASING LIBYAN CRUDE.

3. DESPITE LACK OF GUIDANCE ON PRICES, INDUSTRY AND
DIPLOMATIC COPRS HERE ALL ASSUMING THAT \$20 PER BBL
IS NOT UNREALISTIC. OMINOUS POSSIBLE CONSEQUENCE OF
AUCTION INDICATED BY BREGA MARKETING COMPANY EXECUTIVE
COMMENT THAT ANCILLARY BENEFIT TO LARG FROM AUCTION
WILL BE OPPORTUNITY TO DEFINE "MARKET VALUE" OF LIBYAN CRUDE.
EXPECT THAT LARG WILL MOVE RATHER QUICKLY TO ADJUST POSTED

PAGE 03 TRIPOL C1556 170640Z

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PRICES SO THAT THEY REFLECT THE NEW "MARKET PRICES."
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